

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. Project preparatory technical assistance (TA) is required to review and prepare feasibility studies, prepare strategies for capacity development and waste water management, and carry out all required due diligence activities on technical feasibility, energy efficiency, financial and economic viability, governance issues, poverty and social impacts, and safeguard impacts.
2. The TA will follow a participatory approach through frequent informal consultations with the staff of the implementing agencies and formal consultations with all stakeholders during field visits and various workshops.

B. Major Outputs and Activities

1. Project Concept Detailed

- (i) Prepare project concept and road map (strategic direction; importance to growth, poverty reduction, inclusiveness; success factors for better performance).
- (ii) Review local government sanitation plan and assess institutional capacity.
- (iii) Describe the strategic context (need for long term partnership).
- (iv) Develop the policy framework (main challenges and operating conditions to ensure efficiency and sustainability).
- (v) Review cost estimates and financing plan.

2. Project Scope Defined

- (i) Carry out socio-economic surveys and analysis.
- (ii) Carry out problem tree analysis in participation with stakeholders.
- (iii) Confirm project DMF and base line data.
- (iv) Establish targets, milestones and monitoring program.

3. Project Outputs Confirmed

Output 1. Increased awareness of the benefits of sanitation services

- (i) Develop and pilot public promotion campaigns.
- (ii) Develop simple decision tool to assess economic benefits and costs of proper hygiene and sanitation practices.
- (iii) Identify demonstration activities.

Output 2. Sanitation strategy operational

- (i) Establishment of the current sanitation status, desired sanitation status.
- (ii) Identification of least cost technologies, required investments, financing sources, implementation and operation arrangements, role and capacity of the private sector, role and responsibility of civic society and communities, gender equality concerns and impact mitigation incorporated in strategy design, gender empowerment mechanisms in sanitation and hygiene delivery interventions.

- (iii) Carry out stakeholder assessment and carry out preliminary consultations.
- (iv) Identify best practices in financing sanitation and waste water collection and disposal works.
- (v) Develop financing and cost recovery mechanisms.
- (vi) Preparation of strategy outline (to be further developed during project implementation).

Output 3. Increased sanitation collection network

- (i) Complete asset management development plan.
- (ii) Develop network management strategy.
- (iii) Develop collection and treatment expansion and construction plan.
- (iv) Prepare basic design of sewer network and treatment works.

Output 4. Wastewater collection and disposal facilities are operational

- (i) Identify urgent sanitation and waste water treatment works.
- (ii) Prepare feasibility studies and basic designs for urgent works.
- (iii) Develop a medium-term investment plan.

Output 5. Project monitoring and evaluation operational

- (i) Project Key Performance Indicators established.
- (ii) Monitoring program established.
- (ii) Responsible staff identified and trained with targets for women staff.

4. Capacity building development plan prepared.

- (i) Carry out gap assessment of technical, financial and management capacity (both institutional and community level for communal delivery mechanisms).
- (ii) Formulation of capacity building program (outsourcing and/or training).

5. Institutional development plan prepared.

- (i) Carry out Strength-Weaknesses-Opportunities-Threat (SWOT) analysis on utilities' set up, operation and identify barriers to more effective planning and efficient operation of the utilities.
- (ii) Review institutional settings, management and incentive structures, legal and regulatory framework, and prepare recommendations and improvement plan to better performance;
- (iii) Provide recommendations on possible private sector participation in order to achieve project outcome (by Public Sector Comparator).

6. Investment and Financing Plan Prepared

- (i) Carry out willingness-to-pay and affordability surveys and analyses.
- (ii) Assess project debt servicing capacity of utilities.
- (iii) Prepare investment plan (identify and budget physical and non-physical investments).
- (iv) Consult with potential financiers and prepare the financing plan (identify public and/or private financing sources for overall facility and individual subprojects).

7. Due Diligence Carried Out

- (i) Carry out energy efficiency audit and provide recommendations.
- (ii) Review the impact of the proposed investments on poverty reduction and social well being of the beneficiaries and other stakeholders. Specific attention will be paid to gender issues and a gender action plan will be prepared.
- (iii) Carefully assess, monitor, and mitigate the proposed investments' impact on environment, involuntary resettlement, and indigenous people according to ADB's Safeguard Policy Statement (2009).
- (iv) Risk based assessment of governance issues, focusing on procurement, financial management and anticorruption risks. Preparation of risk management plan.

Table A6.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
Detail project concept and scope	1 month after start	Inception report	1.5 months after start
Surveys and assessments	3 months after start		
Review feasibility studies, strategies and plans	6 months after start		
Carry out due diligence	6 months after start	Interim Report	7 months after start
Finalization of strategies and plans	9 months after start		
Review of basic technical designs and procurement plan	9 months after start		
Confirm investment and financing plan	9 months after start	Final report	10 months after start

Source: Asian Development Bank.

C. Cost Estimate and Proposed Financing Arrangement

8. The TA is estimated to cost \$1.1 million (including contingencies and contributions from the government), of which \$1.0 million will be financed on a grant basis by the Japan Fund for Poverty Reduction, and administered by ADB. The government will provide an in-kind contribution of \$100,000.

Table A6.2: Cost Estimates and Financing Plan (\$'000)

Item	Total Cost
A. Japan Fund for Poverty Reduction^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (22 person-months)	510.0
ii. National consultants (100 person-months)	273.0
b. International and local travel	50.0
c. Reports and communications	10.0
2. Equipment (computer, printer, etc.) ^b	21.5
3. Workshops, training, seminars, and conferences ^c	
a. Training Facilities	3.5
b. Travel and Per Diem	10.0
5. Surveys	40.5
6. Miscellaneous administration and support costs	33.0
7. Representative for contract negotiations	1.0
8. Contingencies	47.5
Subtotal (A)	1,000.0
B. Government Financing	
1. Office accommodation and transport of counterpart staff	35.0
2. Remuneration and per diem of counterpart staff	50.0
3. Contingencies	15.0
Subtotal (B)	100.0
Total	1,100.0

^a Administered by the Asian Development Bank.

^b Equipment is indicative

Type	Quantity	Cost
Computers	4	\$8,000
Printers	1	\$ 500
Copier	1	\$3,000
GPS for GIS data collection	1 set	\$10,000

^c Workshops, training, seminars, and conferences

Purpose	Venue
Inception workshop	TBC
Interim workshop	TBC
Final workshop	TBC

Source: Asian Development Bank.

D. Consulting Services

9. The objectives of the TA are to (i) develop the Metropolitan Sanitation Management and Health Project II to a suitable level for consideration by ADB for funding, (ii) review existing city sanitation strategies (CSS) for up to 11 large cities and subproject appraisal reports (SPARs) for up to five of these cities, and (iii) prepare implementation support and institutional development programs addressing sector reform, governance, and public awareness.

10. The TA will establish the selection criteria, preparation methodology, and implementation and institutional arrangements for the subsequent projects.

Table A6.3: Summary of Consulting Services Requirement

Name of Positions	Person-months	
	International	National
Sanitation specialist/ team leader	9	
Sanitation specialist/ deputy team leader		9
Waste water treatment process specialist	2	2
Sludge Management		3
Environment specialist	3	9
Institutional development specialist	3	9
Financial and economic analyst	5	9
Sewerage specialist		9
Electromechanical engineer		2
Geologist		3
Sanitation promotion specialist		9
Social development specialist	1	6
Gender specialist	1	6
Resettlement specialist	1	6
Design engineers and draftsmen		9
Total	25	91

Source: Asian Development Bank.

11. The outline terms of references for the consultants are described in paras. 7-16. The international consultants should have a bachelor's degree and minimum 10 years of experience. The national consultants should have a bachelor's degree and minimum 5 years of experience (unless specified differently).

12. **Team Leader/Deputy Team Leader/Sanitation Specialist** (international 9 person-months (PMs), national 9 PMs). The specialist will have at least 5 years experience in leading interdisciplinary consultant teams; 15 years in sanitation, including sewer and wastewater treatment design; and an excellent command of Indonesian language. The specialist will be responsible for overall team coordination and delivery of outputs.

13. **Wastewater Treatment/Sludge Management Specialist** (international 2 PMS, national 5 PMs). The specialist should have experience with treatment process and sludge management. She/he will advise on waste water treatment process used in the region, recommend sludge management strategy, and suggest staff training needs.

14. **Environment Specialist** (international 3 PMs, national 9 PMs). The specialist should have experience in the environment sector and, ideally, be familiar with the Indonesian environmental impact assessment (AMDAL) process. Specific tasks include reviewing existing environmental impact assessments and carrying out new investigations, as required.

15. **Institutional Development Specialist** (international 3 PMs, national 9 PMs). The specialist should have a master's degree in public utility management, public administration, and at least 10 years related experience in the institutional development of municipal utilities, in developing countries. She/he will propose the management arrangements of all new institutions including all working areas and installations to be created during the implementation of the project, with particular attention to the construction aftercare and sustainability.

16. **Financial Analyst/ Economist** (international 5 PMs, national 9 PMs). She/he should hold a minimum master's degree in finance, accounting, or economic, and experience in economic and financial analysis and financial management of sanitation utilities. She/he will develop a market structure analysis and conceive a range of options for ensuring financial arrangements.
17. **Social Development, Gender and Resettlement Specialist** (international 3 PMs, national 18 PMs). At minimum, the specialist should hold a master's degree in social sciences and should have at least 5 years of relevant experience in social and poverty analysis, gender and development, community participation, and poverty impact assessments. She/he will set up a framework in all project activities for compliance with Indonesian law and practice and ADB policies on social safeguards.
18. **Electromechanical Specialist** (national 2 PMs). She/he will be a mechanical engineer, with at least 5 years of relevant experience in equipment used in Indonesia in sanitation utilities. Specific tasks include review the draft proposals of the mechanical plant and equipment.
19. **Geologist** (national 3 PMs). She/he will have at least 5 years of relevant experience in sewer design and construction. Specific tasks include assessing and interpreting existing soil investigations and recommending new investigations, as required.
20. **Sanitation Promotion Specialist** (national 9 PMs). She/he should have at least 5 years of relevant experience in sanitation promotion, community participation, and sanitation impact assessments. She/he will define the preparation, of the public information and marketing programs.
21. **Design Engineers and Draftsman** (national 9 PMs). She/he should hold a degree in engineering. Specific tasks include ensuring that the quantities and rates used in the preparation of contract cost estimates accurately reflect market rates.

E. Implementation Arrangements

22. The executing agency will be directorate of environmental sanitation development within the Directorate General for Human Settlements (DGHS) of the Ministry of Public Works (MPW). It will follow the same implementation arrangements of the MSMHP.
23. The implementation arrangements will be similar to that of the MSMHP. The DGHS of the MPW, which is the executing agency, has set up the central project management unit (CPMU). The CPMU will oversee TA implementation, supervision, monitoring, accounting, and reporting. The Government of Indonesia, through DGHS, will finance \$100,000 equivalent in kind, which will cover the cost of office accommodation and utilities; remuneration and local transport of counterpart staff.
24. The consultants will be engaged by ADB according to the Guidelines on the Use of Consultants (2010, as amended from time to time), using the quality and cost-based selection method, with quality to cost ratio of 80 to 20 and full technical proposals. Equipment will be procured according to ADB's Procurement Guidelines (2010, as amended from time to time). Equipment will be handed over to the EA after completion of the TA. Disbursements will be done according to ADB's *Technical Assistance Disbursement Handbook* (May 2010, as amended from time to time).

25. The proposed TA processing and implementation schedule is listed in Table 6.4.

Table A6.4: Proposed Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
VP's approval of concept paper	December 2011
TA Commencement	February 2012
Inception Report	March 2012
Interim Report	April 2012
Draft Final Report	October 2012
Final Report	November 2012
Financial Closure	December 2012

Source: Asian Development Bank.